



State of Tennessee Department of Children's Services

Administrative Policies and Procedures: 3.28

Subject: Collection Of Accounts Receivable

Supersedes: None

Local Policy: Yes

Local Procedures: Yes

Training Required: No

Approved by:

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Application

To All Department of Children's Services Fiscal and Administrative Services Employees, Youth Development Centers and Tennessee Preparatory School Fiscal Services Employees

Authority: TCA 37-5-106

Policy

The central office fiscal and administrative services division, youth development centers and Tennessee Preparatory School shall establish procedures for the documentation and collection of accounts receivable.

Procedures

A. Local policies

The superintendent and fiscal staff of each youth development center and Tennessee Preparatory School must formulate a local policy that ensures adequate recording and collection of accounts receivable.

B. Wage overpayments to employees

1. All active employees must be notified immediately upon the discovery and verification of a wage overpayment.
2. DCS Personnel staff shall forward the appropriate documentation of the wage overpayment to the central office fiscal payroll section and the appropriate fiscal staff shall prepare a credit supplemental to begin the recovery process.

3. Inactive employees shall be notified in writing of the wage overpayment.
4. A notice of the wage overpayment shall be sent to the Accounts Receivable section and the Comptrollers Office. *See collections instructions, section E, 3, 4 and 5.*

C. Overpayments to vendors

1. Overpayment requests from vendors shall be documented on a pre-numbered request form.
2. Information from the request forms shall be logged in on the *Refund Request Log* and submitted to the receivable director after it has been reviewed, initialed and logged by the director of payables. *See collections instructions, Section E, 3, 4, and 5.*

D. Insurance receivables

1. Each month the Department of Finance and Administration shall issue a report to DCS entitled *810-01 State of Tennessee Insurance Premium Collection/Applied Report*. The DCS personnel division analyzes the report and afterwards notifies the DCS fiscal accounts receivable section of employees owing insurance premiums. *See collections instructions, section E, 3, 4, and 5.*
2. The DCS fiscal accounts receivable section shall set up an account in the accounts receivable ledger.

E. Collections instructions

1. Notification of the ChiPFins balance due amount will be done via letter of notification by the Director of Fiscal to the vendor of the overpayment along with details of the overpayment. After the first notification, a remittance advice is mailed twice each month.
2. Repayments on ChiPFins will be withheld from the vendor during subsequent pay periods. Collection of up to 50% of the payment will be withheld from the vendor and applied to the balance due.
3. The vendor or employee is notified by accounts receivable section by letter along with an invoice.
4. If the vendor or employee is deceased, a copy of the death certificate must be obtained. After the receipt of the death certificate, a letter requesting permission to write off the outstanding accounts receivable will be prepared.
5. Three documented attempts are made to collect the outstanding accounts receivable. After failure to collect the outstanding accounts receivable, guidelines set forth by the Department of Finance and Administration shall be followed for collection and/or write off.

6. One or more officials of DCS not directly involved in the recording and collections of accounts receivable must approve all write-offs of accounts receivable.
7. Documentation will be submitted to the DCS Fiscal Director to write-off accounts under \$1,000. Amounts greater than \$1,000 will be submitted to the Commissioner of Finance and Administration and the Comptroller of the Treasury for approval.
8. At the end of each fiscal year, accounts receivable will be established for all outstanding overpayments except payroll and insurance transactions.
9. Checks or money orders are to be made payable to the Department of Children's Services.

F. Bankruptcy

1. Upon receipt by e-mail notification of a bankruptcy by the Director of Fiscal, it shall be sent to the fiscal accounts receivable section. The receivables section shall send a copy that is initialed by an accountant or designee, to the payables section. The original bankruptcy notice shall be filed in the receivables section.
2. If there is an accounts receivable balance in a bankruptcy case, a file shall be maintained in the receivables section.
3. Receivables shall maintain the complete bankruptcy file once the balance due has been "zeroed" and documentation received. Receivables shall keep a ledger of amounts owed and receipts from courts.
4. Receivables shall submit documentations to the Department of Finance and Administration for writing off balance due amounts that shall not be collected due to bankruptcy.

Forms

None

Collateral Documents

Finance and Administration Rules-Chapter-620-1-9

Finance and Administration Policy 11

Department of Children's Services Policy 3.2, Overpayments Made To Adoptive Assistance Parents

Department of Children's Services Policy 3.3, Overpayments Made To Foster Care Parents

Department of Children's Services Policy 3.8, Receipt of Cash Items and Deposit Practices

Standards

None